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BAKER BOTTS L.L.P. 2001 ROSS AVENUE SUITE 600 DALLAS, TX 75201-2980			APPLE, KIRSTEN SACHWITZ	
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte JAMES R. BIRLE, JR., DAVID K. DOLAN, JEFFREY N.
EDWARDS, YONATHAN EPELBAUM, FREDERICK J. FIDDLE,
EMERSON P. JONES, STUART C. KAPERST, TODD K. KAPLAN,
DANIEL Y. KERSTEIN, DRAGOMIR KOLEV, RICHARD P. LUCIANO,
THOMAS H. PATRICK, JR., PAUL A. PEPE, ERIC STEIFMAN,
RUSSELL L. STEIN, BRENNAN J. WARBLE, RICHARD J. GREEN,
ROBERT RUDNICK, and FRANK R. STRONG

Appeal 2009-010659
Application 10/064,745
Technology Center 3600

Before, MURRIEL E. CRAWFORD, ANTON W. FETTING, and
JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL¹

¹ The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, or for filing a request for rehearing, as recited in 37 C.F.R. § 41.52, begins to run from the “MAIL DATE” (paper delivery mode) or the “NOTIFICATION DATE” (electronic delivery mode) shown on the PTOL-90A cover letter attached to this decision.

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final decision rejecting claims 10 to 95. We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

We AFFIRM.

BACKGROUND

Appellants' invention is directed to a financial instrument by a stock company (Specification 1).

Claim 10 is illustrative:

10. A financial instrument issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:

a provision obligating the company to repay the principal according to a predetermined term;

a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

Appellants appeal the following rejections:

Claims 10 to 95 under 35 U.S.C. § 112.²

Claims 10-25, 35-43, 52-59, 62-75, 84-90, 92 and 95 under 35 U.S.C. § 101 as being directed to nonstatutory subject matter.

ISSUE

Did the Examiner err in finding that claims 10 to 95 are unpatentable because the claims are directed to nonpatentable subject matter?

ANALYSIS

The § 112 rejection

We consider this rejection as it is directed to claims 10 to 95. The Examiner states that it is not clear what is meant by the steps of “promising” and “converting.” These steps are not recited in claims 10 to 95. Therefore, we will not sustain this rejection as it is directed to claims 10 to 95.

The § 101 rejection

We initially note that abstract ideas or concepts are not statutory subject matter under 35 U.S.C. § 101. *See Bilski v. Kappos*, 130 S.Ct. 3218, 3225 (2010) (“[t]he Court’s precedents provide three specific exceptions to § 101’s broad patent-eligibility principles: ‘laws of nature, physical phenomena, and abstract ideas.’”) (*quoting Diamond v. Chakrabarty*, 447

² The Appellants attempted to cancel claims 1 to 9 in an amendment dated October 25, 2006. The Examiner did not enter the amendment. The Examiner may want to cancel these claims upon return of this application. We have not considered the patentability of these claims.

U.S. 303, 309 (1980)); *see also In re Abrams*, 188 F.2d 165, 168 (CCPA 1951) (“[c]itation of authority in support of the principle that claims to mental concepts which constitute the very substance of an alleged invention are not patentable is unnecessary. It is self-evident that thought is not patentable.”).

We agree with the Appellants that the recitation of a “financial document” and an “offering document” does not automatically cause the claimed invention to be nonstatutory. However, with the exception of the recitation in the preamble of the claims of a “financial instrument” or “offering document,” all the elements of the claims relate to a mental concept or an abstract idea of how to make money. In this regard, the claims relate to an idea related to a financial arrangement between a stock company and a holder of shares of the stock. The claims recite various ways that a holder of shares of stock can make money by, for instance, receiving principal paid according to a predetermined term, receiving a share of stock of a company and receiving money in accordance with an accredited value. In this way, the claims recite a way of converting money paid to a company for value in terms of shares of stock, or accredited value. It is merely an abstract idea of how to make money.

Moreover, the claims cover any known and unknown use of the concept. The steps could be performed by any machine, existing or future-devised. Furthermore, the processes as claimed could be accomplished by human activity alone, including through mental processes. In the words of *Gottschalk v. Benson*, 409 U.S. 63, 72 (1972), the claimed processes “would wholly pre-empt the [payment to a holder with respect to passage of a time interval] and in practical effect would be a patent on the [concept] itself.”

The recitation in the preamble of a “financial document” or an “offering document” does not convert the otherwise nonstatutory subject matter to statutory subject matter. First, as the recitations are in the preamble of the claims and do not appear in the body of the claim, the recitation of a “financial instrument” or an “offering document” is introductory language that does not breath life and meaning into the claims. Therefore, this introductory language does not limit the scope of the claims. *In re Pearson*, 494 F.2d 1399, 1403 (CCPA 1974); *Gerber Garment Tech., Inc. v. Lectra Sys., Inc.*, 916 F.2d 683, 688 (Fed. Cir. 1990) *quoting Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 896 (Fed. Cir. 1984), *cert. denied*, 469 U.S. 857 (1984).

Second, the recitation of a “financial instrument” and an “offering document” in the preamble fails to make the claims statutory subject matter because the prohibition against patenting abstract ideas “‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or adding ‘insignificant postsolution activity.’” *Bilski v. Kappos*, 130 S. Ct. at 3230 (*citing Diamond v. Diehr*, 450 U.S. 175, 191-92 (1981)). Thus, limiting the implementation of what would otherwise be mental steps or abstract ideas to a “financial instrument” or an “offering document” is insufficient to place the claims into the realm of patentable subject matter under 35 U.S.C. § 101.

We, therefore, affirm the Examiner’s rejection. We recognize that our rationale for rejecting the claims under 35 U.S.C. § 101 differs from the rationale used by the Examiner. Therefore, we denominate our affirmance of this rejection as a new ground of rejection pursuant to 37 C.F.R. § 41.50(b).

DECISION

We do not affirm the Examiner's § 112 rejection of claims 10 to 95.

We affirm the Examiner's § 101 rejections of claims 10-25, 35-43, 52-59, 62-75, 84-90, 92 and 95 and denominate our affirmance as a new ground of rejection.

This decision contains a new rationale for rejecting claims 10 to 95 under 35 U.S.C. § 101 pursuant to 37 C.F.R. § 41.50(b). 37 C.F.R. § 41.50(b) provides "[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review."

37 C.F.R. § 41.50(b) also provides that Appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new grounds of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution*. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner

(2) *Request rehearing*. Request that the proceeding be reheard under § 41.52 by the Board upon the same record

TIME PERIOD

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1) (2009).

Appeal 2009-010659
Application 10/064,745

ORDER

AFFIRMED; 37 C.F.R. § 41.50(b)

mls

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